EISNERAMPER
ACCOUNTANTS & ADVISORS

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Broadway Cares/Equity Fights AIDS, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Broadway Cares/Equity Fights AIDS, Inc. (the "Organization"), which are comprised of the statements of financial position as of September 30, 2016 and 2015, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broadway Cares/Equity Fights AIDS, Inc. as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

New York, New York
June 14, 2017

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statements of Financial Position

	September 30, 2016	September 30, 2015 (as restated)
ASSETS		
Cash and cash equivalents	**$ 2,291,278**	$ 2,354,902
Contributions and other receivables	**86,607**	90,619
Prepaid expenses and other current assets	**319,702**	319,864
Inventory	**247,141**	235,318
Property and equipment, net	**98,539**	122,933
Security deposit	**84,173**	84,173
	$ 3,127,440	$ 3,207,809
LIABILITIES		
Accounts payable and accrued expenses	**$ 132,319**	$ 324,055
Grants payable		540,000
Event revenue received in advance	**116,442**	131,954
Accrued pension liability	**2,811,988**	2,003,130
	3,060,749	2,999,139
Commitments (Note G)		
NET ASSETS		
Unrestricted, net deficit (Note H):		
Net assets from operations	**638,640**	269,438
Accrued postretirement benefit liability	**(810,516)**	(384,689)
	(171,876)	(115,251)
Temporarily restricted	**238,567**	323,921
	66,691	208,670
	$ 3,127,440	$ 3,207,809

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statements of Activities

	Year Ended September 30,					
	2016			2015 (as restated)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions	**$ 18,678,822**	**$ 45,115**	**$ 18,723,937**	$ 19,030,558	$ 58,213	$ 19,088,771
Special events (net of direct benefit to donors of $562,217 and $483,597 in 2016 and 2015, respectively)	**2,109,717**		**2,109,717**	2,128,883		2,128,883
Merchandise sales	**482,169**		**482,169**	438,539		438,539
Donated goods and services	**251,527**		**251,527**	265,794		265,794
Realized losses on sale of assets	**(3,970)**		**(3,970)**	(595)		(595)
Interest and other income	**6,871**		**6,871**	664		664
Total public support and revenue before net assets released from restrictions	**21,525,136**	**45,115**	**21,570,251**	21,863,843	58,213	21,922,056
Net assets released from restrictions	**130,469**	**(130,469)**	**0**	80,334	(80,334)	0
Total public support and revenue	**21,655,605**	**(85,354)**	**21,570,251**	21,944,177	(22,121)	21,922,056
Expenses:						
Program services:						
Grants	**12,055,358**		**12,055,358**	11,956,096		11,956,096
Other program services	**5,340,713**		**5,340,713**	5,052,729		5,052,729
Total program services	**17,396,071**		**17,396,071**	17,008,825		17,008,825
Supporting services:						
Management and general	**1,589,449**		**1,589,449**	1,990,724		1,990,724
Fund-raising	**2,300,883**		**2,300,883**	2,212,442		2,212,442
Total supporting services	**3,890,332**		**3,890,332**	4,203,166		4,203,166
Total expenses	**21,286,403**		**21,286,403**	21,211,991		21,211,991
Change in net assets before other adjustments	**369,202**	**(85,354)**	**283,848**	732,186	(22,121)	710,065
Pension-related changes other than periodic cost	**(425,827)**		**(425,827)**	108,965		108,965
Change in net assets	**(56,625)**	**(85,354)**	**(141,979)**	841,151	(22,121)	819,030
Net assets (deficit) - beginning of year, as restated (Note A [18])	**$ (115,251)**	**$ 323,921**	**$ 208,670**	(956,402)	346,042	(610,360)
Net assets (deficit) - end of year	**$ (171,876)**	**$ 238,567**	**$ 66,691**	$ (115,251)	$ 323,921	$ 208,670

See notes to financial statements

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statement of Functional Expenses
Year Ended September 30, 2016
(with summarized financial information for 2015)

	Program Services	Management and General	Fund-Raising	Year Ended September 30, 2016	Year Ended September 30, 2015
Salaries	$ 2,311,477	$ 604,131	$ 623,954	$ 3,539,562	$ 3,458,233
Payroll taxes and employee benefits	1,032,101	292,951	280,647	1,605,699	1,687,882
Professional fees and consultants	44,088	67,165	77,927	189,180	338,089
Rent	486,083	127,044	131,212	744,339	696,107
Telephone	41,691	16,226	11,254	69,171	56,784
Printing, advertising and publicity	205,941	97,564	151,801	455,306	489,009
Postage and shipping	83,716	40,743	128,536	252,995	211,041
Conference and meetings	17,270	10,726	17,546	45,542	75,305
Mobilization and production costs	391,203	26,022	548,814	966,039	913,819
Merchandising expenses	308,257	15,318	62,797	386,372	451,565
Insurance	28,176	7,364	7,606	43,146	35,734
Dues and subscriptions	3,490	4,984	921	9,395	12,321
Security		14,023	25,252	39,275	38,448
Transportation and meals	31,430	19,940	58,460	109,830	132,313
Office supplies and expenses	97,405	77,565	45,204	220,174	197,278
Purchase of theater tickets	7,874	7,544	41,428	56,846	10,170
Repairs and maintenance	38,554	23,588	10,407	72,549	57,785
Credit card commissions	174,148	58,932	47,009	280,089	274,492
Corporate taxes and license fees	1,757	24,866	18,885	45,508	42,387
Depreciation and amortization		38,432		38,432	40,803
Miscellaneous	36,052	14,321	11,223	61,596	36,330
	5,340,713	1,589,449	2,300,883	9,231,045	9,255,895
Grants provided	12,055,358			12,055,358	11,956,096
	$ 17,396,071	$ 1,589,449	$ 2,300,883	$ 21,286,403	$ 21,211,991

See notes to financial statements

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statement of Functional Expenses
Year Ended September 30, 2015

	Program Services	Management and General	Fund-Raising	Total Expenses
Salaries	$ 2,105,500	$ 775,735	$ 576,998	$ 3,458,233
Payroll taxes and employee benefits	1,028,595	375,093	284,194	1,687,882
Professional fees and consultants	109,727	85,882	142,480	338,089
Rent	423,816	156,147	116,144	696,107
Telephone	25,383	24,445	6,956	56,784
Printing, advertising and publicity	201,666	120,176	167,167	489,009
Postage and shipping	64,739	39,147	107,155	211,041
Conference and meetings	27,485	21,421	26,399	75,305
Mobilization and production costs	374,620	33,647	505,552	913,819
Merchandising expenses	367,518	1,207	82,840	451,565
Insurance	21,756	8,016	5,962	35,734
Dues and subscriptions	7,581	3,387	1,353	12,321
Security		13,968	24,480	38,448
Transportation and meals	41,937	26,042	64,334	132,313
Office supplies and expenses	70,722	86,743	39,813	197,278
Purchase of theater tickets	1,987	8,183		10,170
Repairs and maintenance		57,785		57,785
Credit card commissions	158,218	69,615	46,659	274,492
Corporate taxes and license fees	128	34,197	8,062	42,387
Depreciation and amortization		40,803		40,803
Miscellaneous	21,351	9,085	5,894	36,330
	5,052,729	1,990,724	2,212,442	9,255,895
Grants provided	11,956,096			11,956,096
	$ 17,008,825	$ 1,990,724	$ 2,212,442	$ 21,211,991

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statements of Cash Flows

	Year Ended September 30, 2016	Year Ended September 30, 2015 (as restated)
Cash flows from operating activities:		
Change in net assets	**$ (141,979)**	$ 819,030
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**38,432**	40,803
Donated investments	**(69,577)**	(59,607)
Proceeds from sales of donated investments	**65,607**	59,012
Realized losses on sale of donated investments	**3,970**	595
Changes in:		
Contributions and other receivables	**4,012**	(48,343)
Prepaid expenses and other current assets	**162**	(31,948)
Inventory	**(11,823)**	88,315
Accounts payable and accrued expenses	**(191,736)**	79,892
Grants payable	**(540,000)**	40,000
Event revenue received in advance	**(15,512)**	(65,355)
Accrued pension liability	**808,858**	262,919
Net cash (used in) provided by operating activities	**(49,586)**	1,185,313
Cash flows from investing activities:		
Purchases of property and equipment	**(14,038)**	(44,771)
Net cash used in investing activities	**(14,038)**	(44,771)
Net change in cash and cash equivalents	**(63,624)**	1,140,542
Cash and cash equivalents, beginning of year	**2,354,902**	1,214,360
Cash and cash equivalents, end of year	**$ 2,291,278**	$ 2,354,902
Supplemental disclosure of cash flow information:		
Noncash donations of goods and services	**$ 251,527**	$ 265,794

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] The Organization:

Broadway Cares/Equity Fights AIDS, Inc. (the "Organization"), a not-for-profit entity formed in 1988 in the State of New York, raises money to provide grants to (i) organizations providing assistance for healthcare to those individuals in the entertainment industry who are affected by critical health issues, including but not limited to HIV/AIDS, and (ii) organizations and programs nationwide and internationally that provide care and services to people living with HIV/AIDS. The Organization also facilitates the fund-raising capabilities of the theater community to address and support an urgent crisis or need, as directed by the Board of Trustees.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and from state and local taxes under comparable laws.

[2] Basis of accounting:

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

[3] Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, public support and revenue and expenses. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

For financial-reporting purposes, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

[5] Contributions and other receivables:

These receivables consist of contributions and payments owed from fund-raising events. The amounts are expected to be fully collectible within the next fiscal-year; accordingly, no allowance for doubtful amounts has been established.

[6] Inventory:

Inventory consists of merchandise available for sale and is valued at the lower of cost or fair value at the fiscal year-end. Certain items have been contributed to inventory and have been recorded at their approximate fair values at the dates of contribution. Obsolete inventory is written off as necessary.

[7] Grants payable:

Grants are recognized as obligations at the time of approval. Grants approved but unpaid as of year-end are reported as liabilities in the accompanying statements of financial position. There were no grants payable as of September 30, 2016; however, $540,000 of grants were approved in 2015 and paid during 2016.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Property and equipment:

Property and equipment are reported at their costs at the dates of acquisition or at their fair values at the dates of donation. The Organization capitalizes those assets the cost of which exceeds $2,000 and that have a useful life of five years or more. Depreciation of furniture, fixtures, and equipment is provided using the straight-line method over estimated useful life of five years, and leasehold improvements are amortized using the straight-line method over the term of the underlying lease.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2016 and 2015, respectively, and, in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[9] Accrued vacation:

Accrued vacation is included as a liability in the accompanying financial statements and represents the Organization's obligation for the potential cost of unused employee vacation time that would be payable in the event that those employee left the Organization; the obligation is recalculated every year. At September 30, 2016 and 2015, the accrued vacation obligation was approximately $41,000 and $44,000, respectively, and was reported as a part of accounts payable and accrued expenses in the statements of financial position.

[10] Event revenue received in advance:

The revenue from advance ticket sales related to a future year's event is deferred and recognized as income in the year in which the performance is held.

[11] Net assets:

The net assets of the Organization and the changes therein are classified and reported as follows:

(i) Unrestricted:

(a) Net assets from operations represent those resources that are not subject to donor restrictions.

(b) Accrued postretirement benefit liability are those net assets that are held for the purpose of funding the 403(b) plan in future years.

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources that have been restricted by donors and grantors for specified program-related activities or for use in specific time periods. The release from restrictions results from the satisfaction of the restricted purposes specified by the donors or grantors or the passing of time. Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Revenue recognition:

(i) Contributions:

Contributions are recorded as revenue upon the receipt of cash or other assets, or of unconditional pledges based on their fair market value on the date of donation. Contributions are considered available for unrestricted use unless specifically restricted by the donor. It is the Organization's policy to sell donated investments upon receipt.

(ii) Special events:

The Organization conducts special events for which the use of a host Broadway theater may be donated and the performers and support staff donate their time. A portion of the gross proceeds paid by the attendees represents payment for the direct cost of the benefits received by the attendees at the event. In the absence of a verifiable objective means to demonstrate otherwise, the fair value of entertainment provided at these special events is measured at the actual cost to the Organization. Such special-event income is reported net of the direct cost of the event that is attributable to the benefit that the donors receive.

(iii) Merchandise sales:

The Organization operates a retail outreach program that sells AIDS-awareness red-ribbon items; items crafted by workshops sheltered for people living with AIDS; general Broadway-show-related memorabilia, and various other collector items. Sales are conducted via a printed catalog and on-line through the Organization's website.

(iv) Care-Tix sales:

The Organization has access to available seats at Broadway and Off-Broadway shows, which are sold to the general public generally for double the face value of the ticket, resulting in the recording of 50% of the ticket price as a contribution to the Organization. In the accompanying financial statements, the amount reported in contributions is net of the actual cost of the tickets.

[13] Advertising costs:

The Organization expenses the cost of advertising as incurred.

[14] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and of functional expenses. Accordingly, direct costs have been allocated among the program and supporting services based on the nature of the expense. Indirect costs have been functionalized on the basis of time allocation.

[15] Volunteers:

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time does not meet the criteria for recognition of contributed services required under generally accepted accounting principles and, accordingly, is not included in the accompanying financial statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[16] Income tax uncertainties:

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of unrelated business taxable income ("UBTI") attributable to certain of its merchandise sales. Because the Organization has always recorded the potential liability for this tax, when applicable, and because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the financial statements.

[17] Recent accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Organization will adopt ASU 2016-14 when it becomes effective.

[18] Restatement of net assets and reclassification:

(i) Effective September 30, 2015, the Organization restated its net assets to correct an amount erroneously included in deferred revenue. As a result, contributions and the change in net assets for the year ended September 30, 2015 were understated by $321,171.

	Net assets	Contributions	Change in net assets
As previously stated	$ (112,501)	$ 21,600,885	$ 497,859
Effect of restatement	321,171	321,171	321,171
As restated	$ 208,670	$ 21,922,056	$ 819,030

(ii) In addition, certain amounts included in the fiscal-year 2015 financial statements have been reclassified to conform to the fiscal-year 2016 presentation.

[19] Subsequent events:

The Organization considers all of the accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after September 30, 2016 through June 14, 2017, the date on which the financial statements were available to be issued.

NOTE B - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	September 30, 2016	September 30, 2015
Office furniture and fixtures	**$ 155,467**	$ 150,667
Equipment	**130,264**	121,026
Leasehold improvements	**163,943**	163,943
	449,674	435,636
Less accumulated depreciation and amortization	**(351,135)**	(312,703)
	$ 98,539	$ 122,933

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year-end, temporarily restricted net assets consisted of the following:

	September 30, 2016	September 30, 2015
Revolucion Latina	**$ 50,914**	$ 82,209
Broadway Impact		99,174
Green Alliance	**71,693**	63,262
Broadway Serves	**115,960**	79,276
	$ 238,567	$ 323,921

During each fiscal year, net assets were released from restrictions as the following donor restrictions were satisfied:

	September 30, 2016	September 30, 2015
Revolucion Latina	**$ 31,295**	
Broadway Impact	**99,174**	$ 39,323
International Community Bakeries		16,011
Time restrictions		25,000
	$ 130,469	$ 80,334

NOTE D - DONATED GOODS AND SERVICES

For recognition of donated goods and services in the Organization's financial statements, such goods or services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the accompanying statements of activities.

During fiscal-years 2016 and 2015, the Organization received donated goods and services as follows:

	Year Ended September 30,	
	2016	**2015**
Donated goods:		
Airline tickets	**$ 150,000**	$ 150,000
Donated services:		
Advertising	**101,527**	115,794
Total donated goods and services	**$ 251,527**	$ 265,794

During fiscal-years 2016 and 2015, the Organization received donated auction items for experiences and autographed memorabilia, for which there are no readily determinable fair market values. These contributions were recorded within these financial statements at the values for which they were sold during the auction process.

NOTE E - RELATED-PARTY TRANSACTIONS

A member of the Board of Trustees is a principal owner of the press agency used by the Organization. Fees paid for services and expense reimbursements to the press agency were $37,821 and $37,938 for fiscal-years 2016 and 2015, respectively.

For fiscal-years 2016 and 2015, grants of approximately $4,650,550 and $5,341,000, respectively, were made to not-for-profit organizations that have board members in common with the Organization's Board of Trustees.

NOTE F - RETIREMENT BENEFITS

The Organization has a defined-benefit retirement plan formed under Internal Revenue Code Section 403(b) that covers all employees who meet certain length-of-service requirements. Vesting of the Organization's contributions occurs after the completion of five years of service.

At each fiscal year-end, the plan's funded status, accrued benefit cost, and other underlying data were as follows:

	September 30,	
	2016	**2015**
Accumulated benefit obligation	**$ (5,843,444)**	$ (4,848,024)
Projected benefit obligation	**$ (5,843,444)**	$ (4,848,024)
Fair value of plan assets	**3,031,456**	2,844,894
Funded status (obligation in excess of assets)	**$ (2,811,988)**	$ (2,003,130)
Accrued benefit cost reported in the statements of financial position	**$ (2,811,988)**	$ (2,003,130)
Changes in retirement benefits other than included in operating expenses	**$ (425,827)**	$ 108,965
Net periodic pension cost included the following components:		
Service cost benefits earned during the period	**$ 264,310**	$ 262,667
Interest cost on projected benefit obligation	**212,178**	185,642
Amortization of accumulated loss	**145,547**	133,884
Actual return on assets	**65,038**	13,350
Net asset gain deferred during period	**(261,626)**	(181,243)
Amortization of prior service cost	**(42,416)**	(42,416)
Net periodic pension costs	**$ 383,031**	$ 371,884
Weighted-average assumptions:		
Discount rate	**3.85%**	4.41%
Expected return on plan assets	**7.00%**	7.00%
Rate of compensation increase	**3.00%**	3.00%
Employer contributions	**$ 272,000**	$ 445,000
Benefits paid	**$ (20,400)**	$ (20,400)

A contribution of $175,000 was made to the plan by the Organization subsequent to September 30, 2016.

NOTE F - RETIREMENT BENEFITS (CONTINUED)

As of January 1, 2016, the Board amended the defined benefit pension plan. This amendment resulted in the conversion to a 1.5% unit accrual plan and benefits accrued prior to December 31, 2015 were preserved. The amended plan is based on a projected cost to the Organization of approximately 7% of payroll each year.

At each fiscal year-end, plan assets were invested as follows:

	September 30,	
	2016	**2015**
Money-market funds	**1%**	2%
Equity securities	**39**	31
Fixed-income funds	**60**	67
Total	**100%**	100%

Based on expected future service, the benefit distributions expected to be paid in future fiscal-years are:

Year Ending September 30,	Expected Benefit Distributions
2017	$ 123,000
2018	130,000
2019	129,000
2020	227,000
2021	246,000
2022 - 2026	1,347,000

NOTE G - COMMITMENTS

[1] Operating leases:

The Organization rents office space under an operating lease agreement that expires on August 31, 2021. The lease requires minimum lease payments plus escalation charges. Rent expense for fiscal-years 2016 and 2015 was approximately $581,000 and $535,000, respectively. The future minimum annual obligations under this lease are as follows:

Year Ending September 30,	Amount
2017	$ 601,338
2018	619,379
2019	637,960
2020	657,098
2021	618,864

[2] Other contracts:

In the normal course of business, the Organization enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

NOTE H - DEFICIT IN UNRESTRICTED NET ASSETS

The deficit in unrestricted net assets is due largely to the Organization's accumulated postretirement benefit obligations. Management believes the Organization will have sufficient resources to meet these obligations.

NOTE I - CREDIT RISK

The Organization maintains its cash and cash equivalents in high-credit-quality financial institutions in amounts which, at times, may exceed federally insured limits. The Organization has not experienced any non-market-related losses in such accounts, and management believes that the Organization is not exposed to any significant risk of loss due to the failure of the financial institutions.

NOTE J - PROGRAM AND SUPPORTING SERVICES EXPENSES

During each fiscal year, expenses were allocated among program and supporting services as follows:

	Year Ended December 31,	
	2016	**2015**
Program	**$ 17,655,825**	$ 16,942,354
General and administrative	**1,683,131**	1,966,753
Fund-raising	**2,935,491**	2,677,516
	$ 22,274,447	$ 21,586,623

The above expenses are inclusive of expenses that have been reported net of revenue in the accompanying statements of activities. The direct benefits to donors of $562,217 and $483,597 are reported as fund-raising expenses and pension related changes other than periodic costs/benefits of ($425,827) and $108,965, are included as part of general and administrative and fund-raising expenses for fiscal-years 2016 and 2015, respectively.